# BUDGET

## 1992-93

SPEECH OF

*HONOURABLE*

**THIRU V. R. NEDUNCHEZHIYAN**

*MINISTER FOR FINANCE*

**Maasi 23, Thiruvalluvar Era 2023**

**6th March 1992**

**Speech of Hon'ble Thiru V.R.Nedunchezhiyan, Minister for Finance, Government of Tamil Nadu, presenting the Budget for 1992-93 to the Legislative Assembly on 6th March, 1992.**

Hon'ble Speaker Sir,

தூங்காமை கல்வி துணிவுடைமை இம்மூன்றும்
நீங்கா நிலனாள் பவர்க்கு

Eternal vigilance, perceptive knowledge and bold action are the three qualities which no Government can afford to forsake. These are the golden words of Sage Thiruvalluvar.

On behalf of the Government headed by Puratchi Thalaivi Dr. J. Jayalalitha, who has all the aforesaid virtues, I rise to place before the House, the Revised Estimates for 1991-92 and the Budget Estimates 1992-93. Heeding the advice of the Tamil sage Thiruvalluvar, we have striven to overcome the greatest adversity to bring peace and prosperity to Tamil Nadu.

2. The twin challenges before the Government were to restore peace and tranquillity in the State and take it again on the road to prosperity. There can be no growth and economic prosperity without peace and tranquillity. Members are aware of the firm and resolute steps taken by Puratchi Thalaivi Dr. J. Jayalalitha to restore law and order and ensure peace and tranquillity so that the people can live without any fear. The perfect maintenance of law and order,

a prerequisite for planned development has enabled the Government to take up the challenge of ensuring rapid economic development.

3. Members are aware of the critical economic situation confronting the country. The Centre has embarked on the process of integrating the Indian economy with the global economy. In this process some changes are no doubt necessary. The crisis in the balance of payments situation and the mounting debt service burden had led to a virtual economic breakdown in the country. Hon'ble Members should note that the management of the balance of payments situation and external debt have now got increasingly linked with the management of the domestic economy. Management of all these macro economic variables vests with the Centre. In the meeting of the National Development Council held in December 1991, the Hon'ble Chief Minister appealed to the Centre to give the highest priority to the control of inflation with particular reference to the needs of the poor and the underprivileged. We are glad that in the latest Central budget, care has been taken to refrain from taking steps which will affect the poor. While we endorse the need for economic reform, we urge the Centre to take effective steps to control inflation.

4. State Governments, which are so much closer to the people, have been placed in the unenviable position of having to explain to the people the reasons for the price increase, while all the instruments of macro economic management are with the Centre. We have taken all

possible steps to ensure that the quality of life of the people, particularly the poor and the underprivileged are protected. Tamil Nadu has the most comprehensive safety net to protect the poor. This safety net covers food, clothing and shelter. It also includes special protection for the most vulnerable, namely infants and mothers, children and old aged destitutes. In 1991 we have supplied 17.31 lakh tonnes of rice, the highest ever level, through the public distribution system. Rice prices in the public distribution system, even after the revision necessitated by the revision of rice prices by the Centre remain the lowest in the country. Thanks to the special efforts taken by the Chief Minister, the Government has successfully distributed 18,000 tonnes of palmolein at a price lower than that fixed by the Centre. The traders' levy has been kept in abeyance with a view to bringing down the price of rice in the open market. Rice prices have dropped in February 1992. Procurement of paddy in the current year has been excellent and we are confident of reaching a peak level of 14 lakh tonnes of paddy. Members will be reassured to know that there will be adequate and effective distribution of rice in the public distribution system. Dehoarding and anti-smuggling operations have been intensified. This Government has done its utmost to bring down prices despite the overall inflationary pressures in the economy.

5. While there has been concern over the Centre's fiscal situation, the position of the States has not merited the attention needed. In our federal polity, there is a basic

imbalance between the resource base available and the duties and responsibilities of the States. Unfortunately, the Ninth Finance Commission's recommendations have not helped in narrowing this imbalance. In the changed economic context, the role of the States has become even more important. This has to be accompanied by a thorough reappraisal of Centre - State financial relations.

6. Consistent with the philosophy of a strong Union and prosperous autonomous States, the Constitution would need changes, to ensure that all the powers to protect and safeguard the sovereignty of the nation are with the Centre, while all the powers for the welfare of the people are entrusted to the States.

7. The Centre has requested the States to play a key role in facilitating industrial development and the export effort. Unfortunately no part of the Corporation Tax is shared with the States. We urge the Centre to share with the States a reasonable proportion of this tax. The Chief Minister has written to the Prime Minister requesting introduction of a legislation for the levy of consignment tax. We would once again urge the Centre to introduce a bill to provide for this levy in the current session of Parliament.

8. At a time when we are seeking to strengthen the resource base of the State, the latest announcements by the Union Finance Minister in the Central budget regarding small savings pose a severe set back to the States to

mobilise resources. The States have come to rely on small savings as a major resource for their plans and developmental programmes. Withdrawal of provisions intended to augment small savings will result in a sharp decline in the collection of small savings. Further, even in the remaining provision for savings, small savings have been opened to competition from other instruments which have much better returns. We would urge the Centre to immediately correct the situation and make small savings attractive enough so that the State's resource base is protected.

## EIGHTH FIVE YEAR PLAN

9. Members of the House are aware of the delay in the finalisation of the Eighth Five Year Plan which was originally scheduled to start from 1st April 1990. The National Development Council met in December 1991 and finalised the approach to the Eighth Plan rescheduled to start from 1st April 1992. Recent discussions between the Chief Minister and the Deputy Chairman of the Union Planning Commission covered the Annual Plan for 1992-93. The Eighth Plan has not yet been discussed. Our preoccupation with the immediate economic crisis should not result in the neglect of long term goals of higher growth, reduction in unemployment and eradication of poverty. It is hoped the Union Planning Commission will take an early view on the formulation of the Eighth Plan.

## FINANCIAL POSITION

10. Members of the House are aware of the unprecedented financial crisis which confronted this Government when it assumed office. Faced with a massive deficit of Rs.1220 crores in financing the Plan outlay of Rs.1600 crores, the Government had to make a choice between development or stagnation. We could of course have chosen the easy course of reducing the plan outlay for the current year. This would however have meant severe cut backs on development outlays. We have instead chosen the more difficult option of raising additional resources and eliminating losses in public sector undertakings to ensure that the Annual Plan outlay of Rs. 1600 crores for 1991-92 is performed without any shortfall.

11. Members of the House will no doubt appreciate the significant achievement of the Government in tackling the extremely serious fiscal crisis. Many experts predicted a fiscal break down and a large shortfall in the plan outlay. I am glad to announce that we have, thanks to the able direction of the Hon'ble Chief Minister and by her resolute action averted a fiscal break down and at the same time ensured that the Annual Plan outlay for 1991-92 is performed without any shortfall. It must be noted that we have not received any special assistance from the Centre although this Government had to assume office confronted by a virtually impossible fiscal situation.

12. We have tackled many of the fiscal issues confronting the Government. Some more remain. These require bold action. We have undertaken the corrective process tempered by a deep concern for the poor and the underprivileged.

## ANNUAL PLAN

13. We have chosen to place the highest emphasis on planned development even though the overall economic situation in the country has made the task extremely difficult. Hon'ble Members of the House are aware of the resolute action taken to fulfill the approved Annual Plan outlay of Rs.1600 crores in 1991-92. We are confident that this plan outlay will be fully achieved. Honourable Members are aware of the difficulties faced by the State in securing a higher plan outlay for the year 1992-93. The Hon'ble Chief Minister Dr.J.Jayalalitha steadfastly refused to accept the suggestion of the Union Planning Commission that Tamil Nadu, in the context of its difficult financial situation, should go in for a lower plan outlay in the coming year. It was solely due to the Chief Minister's relentless efforts that ultimately Tamil Nadu's just cause for a higher plan outlay in 1992-93 was accepted. Members of the House are already aware of the tremendous efforts taken to secure and obtain a plan outlay of Rs.1751 crores for the year 1992-93.

## POLICE

14. We have to guard against any malevolent force trying to tear asunder the strong fabric of our society. The police force has been rejuvenated and enthused to safeguard law and order in the State. We shall continue the process of modernisation of the police force and the process of reform intended to ensure that the force remains forever the zealous guardian of law and order in the State.

15. The budget includes a total provision of Rs.276.31 crores for the police force. We have approached the Centre for assistance for a detailed plan to modernise the police force at a cost of Rs.80.45 crores. The Centre has so far sanctioned Rs.10 crores. This first phase is under implementation. We hope that additional amounts will be forthcoming from the Centre to completely implement the modernisation plan.

16. We are also in the process of establishing the Uniformed Services Recruitment Board which will ensure proper recruitment of personnel for the uniformed services.

17. We have revived the Police Housing Corporation. It has taken up the construction of 1000 quarters for the police force. An additional 1000 quarters will be taken up in the coming year.

## AGRICULTURE

18. Members are aware that both rice production and overall food grain production in the current year will reach the highest ever levels. This extraordinary achievement has been made possible due to the efforts of the farmers of Tamil Nadu with the full support of the Government. The plan outlay on agriculture and allied activities has been stepped up to Rs. 215.75 crores in the coming year from Rs 187.53 crores in the current year.

19. The new programme to bring under cultivation permanent fallow and waste lands has been taken up in right earnest. In the current year up to January, 1992 we have covered 6,500 acres. We intend to extend the programme in the coming year to cover 12,500 acres with an outlay of Rs 75 lakhs.

20. With support from the World Bank we are implementing the Tamil Nadu Agricultural Development Project (TNADP) at a total cost of Rs.309.29 crores. This comprehensive project will cover agriculture and all allied activities. It will enable production of quality seeds, proper organisation of extension activities and the absorption of new technologies.

21. We have launched a Comprehensive Watershed Development Programme with assistance from DANIDA in Nellai Kattabomman and V.O.Chidambaranar districts. **A similar programme will be started in the coming year in Ramanathapuram,**

**Pasumpon Muthuramalinga Thevar and Kamarajar districts at a total cost of Rs 10.50 crores with assistance from DANIDA.**

22. Members are aware of the new thrust being given to the economic use of water in irrigation. We shall popularise drip and sprinkler irrigation. This will be made available for all crops with particular emphasis on oil seeds and horticulture. **In the coming year a total outlay of Rs 1.87 crores will be provided as subsidy to farmers to take up such irrigation systems.**

23. The National Watershed Development Programme for rainfed areas (NWDPRA) has been taken up during the current year to cover 84 blocks in 14 districts. 2.2 lakh acres will be covered under this 4 year programme with appropriate cropping systems. The total project cost is Rs 35.61 crores.

24. **A training programme for women in agriculture (TANWA -II) with assistance from DANIDA will be launched shortly in 6 districts namely, North Arcot - Ambedkar, Salem, Dharmapuri, Periyar, Trichy and Kanyakumari.** This 8 year project will train 9000 women each year in improved agriculture. The total cost of this project will be Rs 18 crores.

25. Members are aware of the shortage of edible oil in the country. We are required to import palmolein to keep the price down. It is essential that we increase the domestic availability of edible oil. **We intend to undertake**

**a project to raise oil palm in the State at a total cost of Rs 24.89 crores. This project will be implemented with assistance from the Centre and Commercial Banks.**

26. A long range vision of food production in Tamil Nadu particularly in the context of the shortage of water resources requires that we utilize the latest technology. Bio-technology is an exciting new field holding immense promise. **We have decided to launch a District Bio-Technology utilisation programme (BUD) whereby various new initiatives in bio-fertilizers and bio-pesticides will be harnessed to ensure sustainable growth in agriculture.**

27. We visualise horticulture development in Tamil Nadu as a major growth area. **We have decided to launch 100% export oriented horticulture estates. These estates will have all concessions applicable to industries.**

## IRRIGATION

28. Members of the House are aware of the situation in the Cauvery dispute. In the recent talks convened by the Prime Minister, the Chief Minister Dr. J. Jayalalitha reiterated in unambiguous terms the stand of the Government of Tamil Nadu that the interim order of the Tribunal as confirmed by the Supreme Court should be implemented. We will continue to reiterate this stand.

29. Tamil Nadu has virtually utilised its surface water resources. We have formulated a composite medium

and minor irrigation project with an outlay of Rs.310 crores to be implemented with external aid. Pending clearance we have decided to take up the initial work on all these schemes.

30. **We shall take up a new reservoir project across Vaipar river near Irrukkangudi in Sattur Taluk of Kamarajar District at a cost of Rs.28.70 crores. This project will provide irrigation facilities to 9156 acres and will stabilise irrigation in 627 acres. We shall also take up detailed investigation of the 18th Canal in Uthamapalayam Taluk in Madurai District.**

31. 75 projects under the Special Minor Irrigation Programme (SMIP) are under execution. We shall take up 19 new projects in the coming year with a total outlay of Rs.3.55 crores.

32. Phase-II of the Tank Modernisation Project with assistance from the European Economic Community (EEC) is being implemented in the districts of North Arcot - Ambedkar, South Arcot, Chengalpattu - MGR, Pudukkottai, Pasumpon Muthuramalinga Thevar, Kamarajar, Ramanathapuram, Tiruchirapalli, Madurai, Dindugal-Anna Thiruvannamalai Sambuvarayar, Thirunelveli Kattabomman and Chidambaranar. 150 large tanks with total ayacut of 50,000 acres will be covered under this project. 80 small tanks with an ayacut of 5,000 acres will also be taken up under this project. Rs.19 crores has been provided for this project in 1992-93.

33. An outlay of Rs.17 crores has been provided for the National Water Management Project. Work on Sethiathope and Marudhanadhi sub projects has commenced in the current year. The Tholudur regulator system sub project at an estimated cost of Rs.5.13 crores will be taken up. Investigation of the sub projects to cover Tirukoilur anaicut system, Ellis Choultry anaicut system, Krishnagiri reservoir and Nedungal anaicut system is under progress.

## FORESTS

34. It has been estimated that annually we are losing about 62,500 acres of forest area. We have already lost 15.625 lakh acres. We have decided to take up new programmes to set right the situation. We have taken up afforestation in about 1,62,500 acres this year. In the coming year 1,70,000 acres of land will be covered under various afforestation programmes at a total cost of Rs.47.65 crores. This will be the largest area ever tackled under afforestation programmes.

35. The Swedish International Development Agency (SIDA) assisted social forestry project phase II is under progress at a total cost of Rs.85.4 crores. The outlay in the coming year for this project will be Rs.22.85 crores. **We have also posed to SIDA, Phase III of this project with an outlay of Rs.170 crores. Under this new project, it is proposed to cover about 2.5 lakh acres with forest cover.** We have already started work on establishing the

State Forest Research Institute at Vandalur. A sum of Rs.10 lakhs has been provided in the coming year for this purpose. We shall include the development of this Institute in Phase III of the Social Forestry Project.

36. The Tamil Nadu Tea Plantation Corporation has commenced work on a major new project with an outlay of Rs.60 crores to cover 7500 acres with tea. In the coming year the target is to ensure planting of tea in 1500 acres.

37. **Members of the House will be glad to know that we have been able to secure assistance to implement a massive project to cover 75,000 acres with improved varieties of pulp wood.** This project will be implemented at a total cost of Rs.84.73 crores in a period of 6 years. In the coming year it is proposed to plant 12,500 acres.

38. We have taken resolute action to control sandal wood smuggling. We have allotted Rs.75 lakhs to purchase modern arms and ammunition, communication facilities and vehicles. We have also stepped up the provision for payment of rewards. An exclusive Court to handle forest offences, in particular sandal wood smuggling will be established at Tirupattur shortly.

39. It is not enough that the Government alone undertakes afforestation programmes. The people have to be fully involved in these programmes. Besides, we have also to encourage farmers to take up tree planting in

a big way, particularly in degraded lands. A total amount of Rs.1.92 crores is provided in 1992-93 for such tree planting and private land afforestation programmes.

40. **Members of the House will be happy to know that we have decided to launch a Sustainable District Forestry Programme (SDFP). The emphasis in this programme is to ensure that each district becomes self-sufficient in its requirement of wood. This programme will first be launched in Chengalpattu - MGR, Madurai and North Arcot - Ambedkar districts.**

## ANIMAL HUSBANDRY

41. We have decided to give the highest priority to the provision of better veterinary health services and facilities to upgrade livestock. A programme to provide frozen semen services in the balance 1127 veterinary dispensaries and subcentres at a cost of Rs.1 crore has been launched. This programme will be completed by 30th June, 1992. The frozen semen production facilities at Hosur and Eachenkottai are being expanded at a cost of Rs.2.68 crores. We have also reorganised the frozen semen supply system, forming frozen semen banks at district headquarters. With support from the World Bank, an outlay of Rs. 2.3 crores has been provided in 1992-93 for improvements to veterinary services and livestock upgradation programmes.

42. Usually about 10 new veterinary dispensaries are established every year. **We have decided to establish 400 veterinary dispensaries at a total cost**

**of Rs.1.25 crores in 1992-93. All the 400 new dispensaries will be established in the coming year. Members of the House will welcome this massive effort at providing animal health care services.** The immunisation programme will be strengthened with the provision of refrigerated mobile vans. The facilities for production of vaccines and medicines at Ranipet will be strengthened at a total cost of Rs.1.12 crores.

43. Operation Flood - III, a project designed to improve the production and distribution of milk and milk products is being implemented in 8 districts to benefit 18 lakh farmers at a total cost of Rs. 62.2 crores. A new dairy with a capacity of 4 lakh litres at Sholinganallur is under construction. The revision of milk prices has enabled the payment of better prices to farmers. The price for buffalo milk has been increased from Rs.65 to Rs.90 per kg. of fat. We shall also ensure proper prices during the lean season. The Government has provided Rs.10 crores as support to the Tamil Nadu Cooperative Milk Producer's Federation to clear the arrears due to the farmers who have supplied milk to cooperatives.

44. The sheep development project with assistance from the European Economic Community is under implementation in the districts of Salem, Dharmapuri, South Arcot, Chengalpattu-M.G.R and North Arcot-Ambedkar and Thiruvannamalai-Sambuvaravayar districts at a total cost of Rs.13.67 crores. The DANIDA

assisted project in Pudukottai district to upgrade livestock is being implemented at a total cost of Rs.4.4 crores.

## FISHERIES

45. We have planned to bring 2500 acres under brackish water prawn farming in the coming year. **A prawn farming industrial estate will be established by the Tamil Nadu Fisheries Development Corporation in Chidambaranar District. This will cover 222 acres at a total cost of Rs.7.2 crores.** We shall follow a flexible policy of encouraging large houses to establish large prawn farming projects while at the same time encouraging small farmers to be linked to such projects. We shall also take up as a pilot scheme the establishment of fresh water prawn hatcheries.

46. **We have finalised a new Integrated Marine Fisheries project at a cost of Rs.15.88 crores The newly formed Tamil Nadu Fisheries Cooperative Federation will implement this project. Under this project 6050 fishermen residing in 34 coastal villages will be provided with fishing crafts and gear, outboard and inboard engines, etc.**

47. We have taken special steps to enhance the production and supply of fish seed. Tamil Nadu's annual requirement is 17 crores of fish seeds and the shortfall is 11 crores of seeds. We have encouraged farmers to take up fish seed farming and we expect the supply to match the demand in the coming year.

48. We have taken steps to improve the quality of life of fishermen. 2100 free houses for fishermen are under construction at a cost of Rs.3.46 crores. **2000 more houses will be built in the coming year.** The family insurance scheme has been modified enhancing the amount from Rs.15,000 to Rs.21,000 for the family of a fisherman who dies at sea. The off season relief amount has been enhanced from Rs.60/- per month to Rs.270/- per month.

## EDUCATION

49. The Budget provides for a total amount of Rs.1518 crores for general and technical education. This includes a plan outlay of Rs.70.81 crores.

50. In the context of the overall financial situation, it is necessary that the available resources are utilised for school education particularly at the primary level. We have formulated a project at a cost of Rs.62.47 crores, to be implemented with assistance from the Centre to improve the quality of primary education. This project to be implemented in a period of 3 years will ensure that every primary school has a minimum of three teachers. Adequate buildings and teaching aids will also be provided under this project.

51. A long term comprehensive school education project costing Rs.1200 crores to be implemented in a period of 7 years has also been finalised. We have approached the World Bank for assistance for this project.

52. As an immediate measure a second teacher will be provided to all the 459 single teacher schools. New schools will be opened in 200 habitations with a population of more than 500 which do not have a primary school within 1 Km. In all 1400 posts of secondary grade teachers will be created to handle the additional enrolment.

53. **20 High Schools and 10 Higher Secondary Schools will be established in the coming year.** We have already mobilised assistance from HUDCO and taken up construction of 64 High School Buildings at a total cost of Rs.3 crores. **64 more High School Buildings at an additional cost of Rs.3 crores will be taken up.** The vocational system in Higher Secondary Schools will be improved providing additional facilities in 1375 schools in a phased manner. **We have provided Rs.50 lakhs to equip 50 Higher Secondary Schools with science laboratories and equipment.**

54. We are finding it extremely difficult to provide resources for higher education. It is therefore important that the cost of higher educational services is recovered at least to some extent. Some modifications of the charges for higher education will be necessary to at least partially cover the increased costs. **Despite the constraints in resources, we have launched a programme to improve polytechnics with assistance from the World Bank at a cost of Rs.76 crores. Improvements in 55 polytechnics will be taken up under this project.**

55. The total literacy programme has been taken up in 7 districts in the current year. **It will be extended to the districts of Ramanathapuram, Dindigul - Anna, Thanjavur, Nagapattinam Quaid-E-Milleth, Madras, Coimbatore, Periyar, South Arcot, Salem and Dharmapuri in the coming year.** The outlay on this programme in the coming year will be Rs.15 crores. This programme will cover 25 lakh additional persons in 1992-93.

56. In the last Budget I had announced that a new programme, the State Non-formal Education Programme(SNEP), would be launched to tackle the problem of drop outs. We had approached the Centre for assistance for this programme. The Centre has not been able to fund this programme. We have decided to go ahead with the programme. The programme will be dovetailed with the total literacy campaign. It will therefore have to be implemented in phases. The existing scheme of unemployment relief given to the educated unemployed youth will be modified and educated unemployed youth will be given work in this new programme. **We expect to engage 1.5 lakh educated unemployed youth in this programme. In addition these youth will also be involved in a campaign against the drink evil.**

57. We have decided to give a big thrust to the library movement. At present there are 2465 public libraries. We shall launch a five year programme under which every village having a **population of more than 5000 will have a public library. 625 such villages will thus be provided**

**with libraries.** Each public library will be well stocked with dictionaries and important books such as the works of Thiruvalluvar, Subramania Bharati, etc. **This programme will cost Rs.85 lakhs.** We shall also encourage the establishment of part-time libraries wherever there is response. **We propose to establish 300 part-time libraries in the coming year.** In order to finance this programme of improvement to public libraries it is proposed to increase the library cess from 5 paise to 10 paise per rupee of property tax.The total literacy programme and the public library movement will spread awareness among our people.

## TAMIL DEVELOPMENT AND CULTURE

58. We have formed a new Directorate of Culture and Traditional Arts. All existing agencies will be brought under the aegis of this Directorate.

59. The project to locate archaeological evidence of the sea farers tradition of the ancient Tamils will be continued in association with the National Institute of Oceanography.

60. A chair in the memory of poet Bharathidasan will be instituted in the Tamil University, Thanjavur, for undertaking research into his contributions to Tamil literature and culture.

61. The use of Tamil will be encouraged at all levels. We shall, in association with interested non-Governmental organisations, bring out English to Tamil

and Tamil to English dictionaries to enable officials to freely use Tamil. The latest usages will be made available in these publications.

62. The project to translate Kamba Ramayanam from Tamil to English will be completed shortly.

63. The Government will extend assistance to Tamil scholars who come forward to translate outstanding works of Tamil literature.

## NUTRITION

64. The outlay for the Puratchi Thalaivar Dr.M.G.R. Nutritious Noon Meal Programme will be Rs.256.32 crores as against Rs.235.94 crores in the current year. We have expanded and strengthened this programme.

65. Supplementary nutrition will now be provided to children in the age group from 6 months to 24 months. Pregnant and lactating mothers who are under risk will also be covered under this programme. The expanded project will cover 7 lakh children and 2 lakh pregnant and lactating women. These expanded services are now available in 15 districts. In the coming year, they will be extended to Dharmapuri and South Arcot districts. Rs. 40 crores has been provided in the budget for the provision of additional services in the nutrition programme.

66. There are 2.45 lakh part-time employees engaged under this programme. They have been requesting the Government repeatedly for improvements in their

emoluments. These employees who are engaged on part-time basis are at present on fixed honorarium. They are also not entitled to dearness allowance. Considering the rise in prices we have decided to give them an adhoc increase in honorarium with effect from 1st April, 1992. This will be Rs.20/- per month in respect of part-time employees being paid more than Rs.150/- per month and Rs.10/-per month in respect of those getting less than Rs.150/- per month. This will cost the Government an additional amount of Rs.4 crores per annum.

## HEALTH AND FAMILY WELFARE

67. We have tried to give meaning to the concept of 'Health for All' by initiating **the Puratchi Thalaivi Maruthuva Nala Thittam. Under this programme so far 2347 camps have been conducted.** 14.54 lakh people have been covered so far. Totally 10000 camps will be conducted. This is the largest sustained health reach out programme organised anywhere in the country.

68. The total outlay on Health and Medical Services has been stepped up to Rs.463.66 crores from a level of Rs.409.09 crores in the current year. The provision for drugs and medicines has been stepped up to Rs.46 crores in the coming year.

69. Starting from the sub-centre at the village level to the large medical college hospitals, it is necessary to manage the health system efficiently. We shall place

the highest emphasis on proper control and management. At the village level both nutrition and health services will be fully integrated. The total number of Primary Health Centres has reached 1505. In the current year we have enhanced the provision for drugs at the Primary Health Centre level from Rs.30,000 to Rs.40,000 per year. **This will be further enhanced from Rs.40,000 to Rs.50,000. The additional cost will be Rs.1.5 crores.** 159 Primary Health Centre buildings have been taken up for construction so far at a cost of Rs.9.41 crores. **21 Primary Health Centre buildings will be taken up in the coming year at a cost of Rs.1.57 crores.**

70. Under the already announced programme of upgrading taluk hospitals to have a minimum of 32 beds, we have taken up in the current year establishment of 222 additional beds in 14 hospitals at a cost of Rs.1.25 crores. **Under this programme establishment of 175 beds in 14 taluk hospitals will be taken up at a cost of Rs.1.56 crores in the coming year.**

71. Members of the House are aware of the phased programme for increasing the bed strength in all headquarters hospitals to a minimum of 200 beds. **In the coming year construction of 24 bed wards will be taken up in the district headquarters hospitals at Sivagangai and Dharmapuri.** All district headquarters hospitals will be provided with ultra sound scanners in the coming year. The programme for provision of ambulance

services to taluk and district hospitals will be continued and 14 vehicles will be provided in the coming year.

72. The World Bank supported **India Population Project V will be extended to cover 8 more towns at a cost of Rs.10 crores.** We have sought for assistance from DANIDA to take up a major health project to cover Dharmapuri, Thanjavur and Nagapattinam-Quaid-e-Millet districts with an outlay of Rs.59.2 crores.

73. The World Bank is likely to support on an all India basis a major Blindness Control Project. We have formulated plans for implementation of this project in Tamil Nadu at a total cost of Rs.44.23 cores.

74. **A new complex at a cost of Rs.1.1 crores to accommodate the campus of Dr.M.G.R. Medical University will be constructed in the coming year.** Work on the Mohan Kumaramangalam Medical college at Salem will be expedited. The Budget provides for provision of various facilities in this college . **We shall also open Nurses training schools in 3 district headquarters hospitals.**

75. A major project costing Rs.80 crores to upgrade the facilities at Sri Ramachandra Medical college has been posed for Japanese assistance. This project is now pending with the Centre. We would like to request the Centre to obtain support from the OECF (Japan) for this project.

## DRINKING WATER SUPPLY

76. A recent detailed survey indicated that 2483 rural habitations had absolutely no protected source of water supply as on 1st April 1991. **Members of the House will be glad to know that all these 2483 habitations have been provided with water supply at a total cost of Rs.13.36 crores**. As on 1st April 1990, 1956 scheduled caste and scheduled tribe habitations did not have a single source of water supply. Of these 1418 were left uncovered as on 1st April 1991. **All these habitations have been provided with a water source this year.**

77. The next step in the rural water supply programme is to improve the availability of water in habitations where there is acute shortage in summer. **We have prepared a detailed new project at a total cost of Rs.474 crores to provide uninterrupted water supply to 9000 such habitations.** We have sought assistance from the World Bank for this project. We shall also utilise assistance available under an ongoing World Bank supported project to implement a major rural water supply programme in Salem, South Arcot, Dharmapuri and Thiruvannamalai Sambuvarayar districts. **This sub project at a total cost of Rs.47.68 crores will enable a distinct improvement to rural water supply in these 4 districts.**

78. We have also given the highest attention to the provision of safe water supply in urban areas. Out of

99 Municipalities, 95 have been provided with a basic water supply scheme. Works are in progress in the balance 4 municipalities viz Sirkali, Ponmalai, Kolachel and Padmanabhapuram. Out of 7 municipal townships basic water supply has been provided in 5 townships. Kathivakkam and Madhavaram will be covered along with the Madras city water supply project. Water supply improvement projects for 5 municipalities will be completed in the current year at a total estimated cost of Rs.4.97 crores. **Improvement projects in respect of 20 municipalities at a total estimated cost of Rs.104 crores are under progress and will be expedited in the coming year.**

79. There are totally 366 urban town panchayats. By the end of the current year 260 town panchayats will be provided with water supply schemes. In the coming year work will be expedited in 61 urban town panchyats. There are totally 266 rural town panchayats. Of these 86 will be covered by the end of the current year. Work will be expedited in respect of 72 rural town panchayats in the coming year.

80. **We shall also take up work on a new Rs.20 crore project to provide drinking water to Kangeyam, Muthur, 6 other rural town panchayats, Dharapuram Municipality and 83 wayside village panchayats.** We shall take up the detailed investigation of the Rs.250 crores Hogenakal Water Supply Project to permanently solve the drinking water supply problem in Dharmapuri district.

81. We receive assistance from various agencies like World Bank, Life Insurance Corporation of India and Housing and Urban Development Corporation (HUDCO) for the execution of water supply projects. The assistance is received in the form of loans. A serious problem has now developed as the Government has to repay these loans whether or not the local bodies in their turn pay the loan instalments to the Government. A situation has been reached where the funding of these water supply projects will come to a standstill if immediate corrective action is not taken. The total overdues from the local bodies to the Government exeeds Rs.60 crores.

82. We have decided to correct the situation on the following lines. The loan and interest dues of local bodies having real financial difficulties will be suitably rescheduled affording considerable relief to them. At the same time the water charges will be streamlined on a systematic basis. The charges for drinking water supply will be fixed at Rs.2 per thousand litres. The charges for industrial use will be double this rate and that for commercial use will be thrice. These will be adopted as minimum rates so that the maintenance of these water supply systems does not break down.

83. Members of the House are aware of the discussions held by the Chief Minister Puratchi Thalaivi Dr.J. Jayalalitha with the Andhra Pradesh Chief Minister at Hyderabad to bring Krishna water to Madras city. **The two Chief Ministers have agreed on a specific time**

**table setting June, 1995 as the target date for bringing Krishna water to Madras city. The Budget includes a total provision of Rs.75 crores for this project, consisting of Rs.50 crores towards our share of works in Andhra Pradesh and the balance of Rs.25 crores for canal works within Tamil Nadu.** Apart from the project to bring water to the outskirts of Madras city we have also planned a major project to distribute the additional water within the city and its environs and remove the sewage. This will require complete modification of the existing water supply and sewerage systems. We have drawn up the Madras City Transmission and Distribution System Project (MTDS) at a total cost of about Rs.1100 crores. This project has been posed to the World Bank and further processing has been kept pending for a decision on the targeted completion date for the Krishna Water Project. With the satisfactory conclusion of talks between the two Chief Ministers and the firm date now set for completion of the Krishna Water Project, we shall approach the World Bank for early clearance of the Madras City Transmission and Distribution System Project (MTDS).

## ENVIRONMENT

84. Globally there is considerable new awareness about our environment. We have to chart out development strategies which are environment friendly. Sustainable development will be our objective.

85. The work of establishing a common effluent treatment plant at Vaniambadi has been completed. Work on establishing common effluent treatment plants by TALCO at Ambur, Ranipet, Pernampet, Dindigul and Trichy is in progress. In addition, common effluent treatment plants are to be established at Pammal, Pallavaram, Erode, Ayyampet, Muthialpettai, Tirupur, B.P. Agraharam, Periasemur, Veerappanchatram, Surampatti, Kasipalayam, Bhavani and Karur. The total cost of establishing all these common effluent treatment plants will be about Rs.50.5 crores.

86. In my last Budget speech I had referred to the problem of pollution of the major waterways in Madras city viz., Adyar, Cooum, Buckingham Canal and major drainage canals. Metro Water has just completed a Rs.6.5 crores sewerage rectification plan. This has eliminated a major source of pollution. We have approached the Overseas Development Administration (ODA) of the United Kingdom for support to organise the dredging operations.

87. We have formulated a detailed project for prevention of pollution of the Cauvery river. This project is estimated to cost Rs.332 crores. We have taken this up for assistance by the Overseas Economic Co-operation Fund (OECF) of Japan. Meanwhile it is understood that the Centre may also support this programme. We urge the Centre to provide assistance for the Cauvery action plan at the earliest.

88. Tamil Nadu has been included in the new World Bank supported Industrial Pollution Control project. The bulk of the assistance under this project will be through financial institutions to industries to set up or upgrade pollution control systems. I would like to suggest that this assistance should cover the phased elimination of such harmful chemicals like chlorofluro carbons (CFCs).

89. Under this project the Tamil Nadu Pollution Control Board will also be strengthened. Manali is becoming a major centre for chemical industries. The Tamil Nadu Pollution Control Board will establish an emergency response centre at Manali.

## INDUSTRIES

90. The Chief Minister has recently announced the New Industrial Policy. This comprehensive blue print for rapid industrial growth in Tamil Nadu has been very well received.

91. Central investment in Tamil Nadu has registered a steep decline from 10% in 1969 to 5.21% in 1989. The delay in finalisation of the Eighth Plan has made the outlook for the future uncertain. We have taken up the clearance of several major projects with the Centre. We would urge the Centre to accord immediate clearance for the Southern Gas grid to bring gas to Tamil Nadu from Bombay High. The clearance of the National Aromatics Project (NAPCO) has been delayed. This major project which

has the potential to create a large number of downstream units needs to be cleared at once.

92. The newly formed Tamil Nadu Corporation for Industrial Infrastructure Development (TACID) will establish four large industrial growth centres at Panangudi in Nagapattinam-Quaid-E-Millet district, Gangaikondan in Tirunelveli-Kattabomman district, Perundurai in Periyar district and Bargur in Dharmapuri district. We have approached the Asian Development Bank (ADB) for support to implement these projects. **We have provided Rs.5 crores as equity support to TACID to commence work on these growth centres.**

93. The Tamil Nadu Industrial Development Corporation (TIDCO) has initiated work on 9 new projects with a total investment of Rs.755 crores to provide employment to 2800 persons. These projects will be expedited.

94. The State Industries Promotion Corporation of Tamil Nadu (SIPCOT) will disburse Rs.42 crores as loans in 1991-92 and the Tamil Nadu Industrial Investment Corporation (TIIC) will reach a loan disbursement level of Rs.145 crores in 1991-92. These are the highest levels reached so far. In 1992-93, the disbursements will be stepped up even further, to Rs.50 crores by SIPCOT and Rs.180 crores by TIIC.

95. The Chief Minister has had detailed discussions on 4th March, 1992 with Small Scale Industrialists. The Small Industries Development Corporation (SIDCO) will implement a functional industrial estates project with a total outlay of Rs.70 crores with assistance from OECF Japan. Under this project functional estates will be established in the following thrust areas

* industrial electronics
* leather goods
* hosiery and textile products
* engineering goods
* automobile accessories
* petrochemicals
* food processing

96. We have ensured that subsidies and incentives promised are actually made available in time. Adequate provisions have been made in the Budget to provide for prompt disbursement.

## LABOUR WELFARE

97. The march of new technology and the associated economic compulsions make it necessary for us to take a considered view on the restructuring of production units and its effects on labour. There is a national debate

on the exit policy. We believe that a pragmatic view has to be taken on the subject. We have taken up with the Centre, the sanction of Rs.50 crores as a corpus for the State Labour Rehabilitation Fund. This fund will be utilised for restructuring of both public sector and private sector units. We have to ensure that under no circumstances, the interests of labour are affected.

98. In spite of the difficulties in restarting sick units, we have taken special efforts in the interest of labour to solve problems confronting several units in the State. Thanks to the efforts of the Chief Minister Puratchi Thalaivi Dr. J. Jayalalitha, the Standard Motor Company which was closed for the last three years has commenced production. This is indeed a significant achievement of the Government in the interest of labour. The Government has also provided Rs.3 crores to enable the reopening of the factory and the rehabilitation of displaced labour in this unit. The K.C.P. Limited which was under lock out for almost a year has reopened and has commenced functioning since October, 1991. The Government is taking all possible steps to facilitate early resolution of the dispute in the B & C Mills and ensure the early reopening of the Mills.

99. The Chief Minister intervened effectively to solve the bonus dispute in textile mills involving the interest of 45,000 workers. During the current year cash relief has been extended at a rate of Rs.400 per worker to 21,137 workers

in six industrial units and nine textile mills which remained closed.

100. The welfare fund for match workers covers 54924 number of labour. At present the Government contributes Rs.2 per worker per annum and the employer's contribution is also Rs.2 per worker. This fund is utilised to provide education, recreation, medical aid and amenities to employees in match factories. The contribution both by the Government and the employer will hereafter be raised to Rs.10 per annum. The fund will also be extended to include 18,558 number of workers in the fire works industry.

101. In the new economic situation, it is essential to place the highest emphasis to the training and re-training of labour. We shall pursue with the assistance of industry the organisation of suitable training facilities for re-training labour. We shall also utilise for this purpose the technical and skill development project to upgrade our Industrial Training Institutes (ITI).

## POWER

102. With the good storage in the hydel reservoirs and the firm action taken to obtain adequate supplies of coal we have kept **Tamil Nadu free from power cut. We shall be adding 220 MW of additional capacity in the current year.**

103. We have not allowed financial constraints to affect the progress of work in establishing three 210 MW plants with a total capacity of 630 MW at North Madras. This

massive project with a total outlay of Rs.845 crores is being implemented with assistance from the Asian Development Bank (ADB). **We shall also be approaching the ADB for assistance for establishing an additional unit of 500 MW capacity at a total cost of Rs.944 crores at North Madras.**

104. Members of the House are aware of the earnest steps taken by the Government to establish in the joint sector a massive Integrated Lignite Mining and Power Generation Project at Jayamkondacholapuram. This massive project to generate 1500 MW with a total outlay of Rs.7000 crores will be implemented in phases. The Budget provides for an initial equity support of Rs.2.5 crores to Tamil Nadu Industrial Development Corporation (TIDCO) to take up this project.

105. We are greatly concerned about the slow pace of work on various Central power projects in Tamil Nadu. Work on the expansion of the first mine cut and the establishment of an additional capacity of 420 MW at Neyveli has to be expedited. The Third Mine Cut and associated power generation project should be included in the Eighth plan. The Centre has to resolve the uncertainty regarding the Koodankulam Atomic Power Plant. We shall urge the Centre to take up the power plant using indigenous technical know how or by securing other external assitance. Since all preparatory work has already been completed at the project site an early decision on this major project is necessary.

106. The Tamil Nadu Energy Development Agency (TEDA) will implement the Integrated Rural Energy Development programme in 2 new blocks in the coming year. **We shall take up a project to establish a capacity of 100 MW based on wind energy.** We are examining innovative ways of financing this project so that wind energy becomes a firm source in our grid.

107. There has been difficulty in obtaining institutional finance for the extension of electricity supply to agricultural pumpsets. We have therefore introduced a new scheme under which farmers can opt to get the electricity connection on payment of cost. In the coming year 20,000 pumpsets will be provided electricity connection as per the waiting list and another 20,000 pumpsets will be provided electricity connection under the new scheme. Free electricity connections will also be provided to 40,000 huts in the coming year.

108. We are confronted with the difficult issue of the finances of the Tamil Nadu Electricity Board. Although the Tamil Nadu Electricity Board performs efficiently its finances are badly affected by two factors. Firstly the cost of coal in Tamil Nadu is much higher than most other States because of the long distance from the coal mines. Secondly the scheme of free supply of electricity to all farmers involves an actual annual loss of Rs.560 crores. This loss is partly compensated by the Government. The Budget provides for compensation of Rs.350 crores. In addition the Government has to waive annually the interest due from the

Tamil Nadu Electricity Board to the extent of about Rs.100 crores. The Government is finding it extremely difficult to extend this amount to the Tamil Nadu Electricity Board. In this situation we are confronted with further increases in costs. The coal price has been revised recently. Freight costs have also gone up. All financial institutions have been insisting on the need to levy a charge on electricity as it is an input. We will have to discuss this issue and reach a consensus on how to rectify the situation.

## HANDLOOMS

109. As announced in my last budget speech, we have launched two new programmes. A programme to introduce powerlooms in a phased manner to replace totaly uneconomic handlooms has been launched. This programme will be continued and we shall introduce 5000 powerlooms in the coming year.

110. A programme to modernise handlooms is also under implementation. In the coming year 5000 handlooms will be modernised.

111. A new cooperative spinning mill at Bargur at a cost of Rs.22 crores will be established with support from the National Cooperative Development Corporation (NCDC). Provision has been made for the necessary equity support for this project in the budget.

112. A market complex for the sale of silk cloth will be established at Kancheepuram. A similar complex for cotton cloth will be constructed at Erode. The Budget

includes a provision of Rs. 42 crores for payment of rebate on the sale of handloom cloth.

113. This government will strive for the welfare of the weavers. The insurance amount has been enhanced from Rs.10,000 to Rs.15,000. A pension scheme to provide Rs.250/- per month to the family of deceased weavers has been introduced. 2000 house-cum-worksheds will be built in the coming year for weavers.

## RURAL DEVELOPMENT

114. We have launched the Special Self Sufficiency Programme in the current year. Under this programme Rs.1 crore is to be given to each Panchayat Union for various works. The total cost of the programme in all is Rs.386 crores. In the first phase, we have released Rs.193 crores in the current year. The balance amount of Rs.193 crores has been provided in the budget.

The works taken up in the current year are given below:-

| Name of the Scheme | Number of works | Cost (Rs. in crores) |
|---|---|---|
| * Drinking water supply | 5999 | 53.36 |
| * Improvement to roads | 3874 Km | 83.34 |
| * Provision of street lights | 69781 | 19.88 |
| * Primary school buildings | 1068 | 14.79 |

| | | |
|---|---|---|
| * Construction of Nutritious Meal Centre | 1409 | 9.98 |
| * Renovation of minor irrigation system | 2677 | 11.82 |
| * Supply of T.V.sets | 978 | 1.45 |

Our objective under the Special Self Sufficiency programme is to provide basic facilities to all villages. This is a massive programme and the number of works taken up under this programme is very large. In order to ensure that the quality of works is maintained, we have decided that the programme should be completed by March 1993.

115. We have taken special steps to provide adequate funds to local bodies. The maintenance grant for local roads has been stepped up from Rs.9 crores to Rs.12 crores. The budget provides for an enhanced amount of Rs.5.65 crores for the maintenance of hand pumps and power pumps. A special provision of Rs.3 crores has been made in the coming year for the replacement of street lights in financially weak panchayats. Members of the House will appreciate the special measures taken by the Government to provide and maintain basic rural services.

## URBAN DEVELOPMENT

116. Tamil Nadu is among the fastest urbanising States. 34% of the population live in urban areas. We shall

formulate a comprehensive strategy for urban development in the State.

117. Resources have to be raised from various institutions for urban development. We have concentrated on the institutional arrangements to ensure availability of resources for the development programmes of urban areas.

118. The Municipal Urban Development Fund (MUDF) which is supported by the World Bank under the Tamil Nadu Urban Development Project has become the main financing agency for urban development in the State. Various projects of municipalities are taken up under this Fund. In the current year 34 projects at a total cost of Rs.36.90 crores have been sanctioned. **In the coming year, the Fund will approve projects for a total cost of Rs.50 crores.** Municipalities can access the Fund for their projects. At the same time they should undertake the commitment to improve their resources position to repay the loans.

119. The State Town and Country Planning Fund has now been reorganised with a corpus of Rs.33 crores. This fund will largely support the programmes of Town Panchayats and financially weak Municipalities. 16 Projects worth Rs.2.70 crores have been sanctioned from this Fund in the current year. **In the coming year, projects worth Rs.5 crores will be approved.**

120. The utilisation under the Tamil Nadu Urban Development Project financed by the World Bank which is one of the largest projects of its kind has not been satisfactory in the past. We have reassessed the entire position. At present the level of utilisation is only about Rs.65 crores per year. We have decided to step up the utilisation to Rs.127 crores in the coming year. Several new road improvement projects will be taken up.

121. The Centre also extends support for the integrated development of medium and small towns. **Under this programme, with an outlay of Rs.1.2 crores for each town we shall take up development works in Krishnagiri, Kancheepuram, Villupuram, Perambalur, Edapadi and Tiruttani in the coming year.**

122. We have to utilise modern technology to analyse and plan improvement programmes for each town. It is proposed to take up at a cost of Rs.30 lakhs traffic and transportation studies for 30 small and medium towns. Modern techniques of aerial photography will be utilised to prepare large scale base maps and photo mosaics in the towns of Karur, Tiruvannamalai, Kumbakonam and Theni Alli Nagaram.

123. There are various programmes for the urban poor. It is necessary to implement these programmes effectively. We have therefore decided to establish a Special Cell for the urban poor in the Commissionerate of Municipalities.

## MADRAS CITY DEVELOPMENT

124. The "Madras - Vision 2000" plan which I had announced in my last budget speech has taken shape and has drawn world wide interest. The Madras Metropolitan Development Authority (MMDA) has also recently drawn up a scenario for Madras by 2011. All constraints and opportunities have been identified. In this perspective the Madras - Vision 2000 will be an operational plan. In the first phase the outlay on this plan will be Rs. 1250 crores.

125. The work on the Madras transmission and distribution system (MTDS) as also the environmental improvement programme will commence as soon as we obtain world Bank clearance. This is linked to the Krishna Water scheme.

126. Improvements to the electricity distribution system are under progress. Rs.15 crores has been incurred inthe current year and the outlay in the coming year will be Rs.53 crores.

127. Major improvements to the transportation systems are planned. The partly elevated exclusive bus way on Anna Salai is estimated to cost Rs.100 crores. The feasibility report is under preparation. We shall entrust this work as soon as the detailed project is ready. The Pallavan Transport Corporation (PTC) will undertake bus replacement and augmentation programme at a cost of Rs.15 crores in the coming year. Road improvement

programmes in Madras city with an outlay of Rs.20 crores will be taken up in the coming year.

128. Sub projects to improve storm water drains, street lighting and solid waste management and other civic services have been approved and works costing Rs.20 crores will be taken up in the coming year.

129. In order to relieve congestion in the city peripheral town development has been taken up. A major new "sites and services" programme will be executed by the Tamil Nadu Housing Board at Ambattur near Madras at a cost of Rs.40 crores. Slum improvement programmes are also progressing well.

## ROADS

130. This Government has accorded the highest importance for the maintenance and improvement of roads. **The total outlay on roads in 1992-93 has been stepped up to Rs.314.51 crores from a level of Rs.200.35 crores in 1990-91.** The outlay on roads in the coming year will exceed the total receipts from Motor Vehicles tax.

131. **Members of the House will also be glad to know that for the first time we shall be providing funds for the maintenance of roads in 1992-93 in excess of the norms prescribed by the Ninth Finance Commission.** We have allocated Rs.125 crores for the maintenance of roads which is almost double the expenditure of Rs.65.83 crores in 1990-91.

**132. The "Special Repairs Programme" launched in the current year with an outlay of Rs.20 crores will be continued in the coming year with an enhanced outlay of Rs.30 crores. A new programme of special repairs to roads near industrial areas with an outlay of Rs.5 crores will be taken up in the coming year.**

133. The rural market roads sub project under the Tamil Nadu Agricultural Development Project with a total outlay of Rs.45.28 crores to improve 800 Kms. of roads has been launched in the 5 districts of Chingleput-M.G.R., North Arcot-Ambedkar, South Arcot, Thanjavur and Tiruchirapalli. The outlay on this project in the coming year will be Rs 3.12 crores.

**134. We have finalised the project for improvement of roads in Nagapattinam-Quaid-e-Millet district at a total cost of Rs 30 crores to be implemented in association with the public sector Infrastructure Leasing and Financial Services Ltd., (ILFS). Toll collections will be made on the district boundary at specified points to finance this project.**

135. The work on the East Coast road from Madras to Cuddalore at a cost of Rs 75 crores is under progress. The outlay for the coming year has been stepped up to Rs 11.2 crores from the level of Rs 8.5 crores in the current year.

136. We have formulated a new Road Development Project at a total cost of Rs.328.44 crores. This

project involves the strengthening and improvement of 3919 Kms. of roads. It will considerably improve the traffic flow patterns in the State. It will also simultaneously improve the market access for rural areas. We hope to secure external aid for this project.

137. We are concerned about the slow pace in taking up the four laning of National Highways. The four laning of the National Highway between Madras and Madurai has been taken up only in segments. The balance length of 374 Kms. should be taken up giving it the highest priority. Similarly, the four laning of the National Highway between Madras and Bangalore via Vellore and Krishnagiri for a total length of 316 Kms. will also have to be taken up immediately. The Centre should not hesitate in taking up the four laning of these major National Highways. If need be, suitable toll collections can also be considered. A new National Highway connecting Madras and Kanyakumari along the coast for a total length of 737 Kms. which is the only missing link in the country's coastal National Highway should be taken up at the earliest. We shall continue to urge the Centre to make available the enhanced collections to the Central Road Fund (CRF) for road development in the State.

## HOUSING

138. This Government has set the objective of a house for every family. In the current year, we expect to complete 1 lakh houses through various agencies like the Tamil Nadu Housing Board, Tamil Nadu Slum Clearance Board,

Housing Co-operatives, Panchayat Unions and other departments. In the coming year 1,10,000 houses will be built through these agencies.

139. We have taken several measures to encourage building of houses in the private sector. We have started a new programme of 'Grid development' whereby it is possible for the private sector to take up housing rapidly. We shall also seek to accelerate the flow of institutional finance for housing starts.

140. A new programme to assist owners to upgrade houses has been launched. **In the coming year in urban areas 27,000 houses will be upgraded. In rural areas 30,000 houses will be taken up.**

## WOMEN'S DEVELOPMENT

141. **The Honourable Chief Minister has just launched an Integrated Women's Development Programme (IWDP) to provide self-employment to 1 lakh women.** We have mobilised support from external agencies and also from other programmes to undertake this massive development programme. The International Fund for Agricultural Development (IFAD) has assisted the implementation of this programme in 3 districts of Dharmapuri, Salem and South Arcot. We have extended this programme in the current year to Madurai and Ramanathapuram Districts. We hope that IFAD will provide assistance for these two districts.

142. We intend to take up this programme in all the remaining districts. As I have mentioned in my last budget speech we shall implement this programme after careful preparatory work. Our intention is to provide lasting self-employment through self help groups.

143. **The Chief Minister Puratchi Thalaivi Dr. J. Jayalalitha has recently announced a new scheme to promote the adoption of the small family norm and to benefit the girl child.** This scheme will cover families with one or two girl children and no son, where a parent undergoes sterilization. A sum of Rs.2,000 on account of each family will be invested in a Fund. Amounts will be given to the family at periodical intervals for the girl child to complete primary, middle, high, higher secondary and college education. When the girl attains the age of 20 years, a lumpsum amount of Rs.10,000 will be provided to enable her to establish her family or to pursue higher education. About 20,000 families will be assisted under this scheme every year. A provision of Rs.4 crores has been made in the Budget.

## WELFARE OF SCHEDULED CASTES AND SCHEDULED TRIBES

144. The Government has launched a new ten point programme for the welfare of Scheduled Castes and Scheduled Tribes. The Programme has registered good progress -

| Item | Achievement in 1991-92 |
|---|---|
| * Economic Improvement Schemes | 65,000 families |
| * 10,000 Wells programme | 3,000 wells |
| * Entrepreneur Development Scheme (EDS) | 1,000 |
| * Placement of unemployed ITI qualified technicians | 1,000 |
| * Free House-site Pattas | 1.24 lakhs |
| * Free Houses for Adi-Dravidars | 35,000 |
| * Provision of Drinking Water | 1,418 habitations |
| * Provision of Link Roads | 500 |
| * Provision of Street lights to habitations | 357 |
| * Provision of one light per hut | 30,000 |

145. The ten point programme will be continued in the coming year with similar targets. This will be an effective way of ensuring the realisation of benefits to Scheduled Castes and Scheduled Tribes.

146. In the coming year we shall open 30 new hostels at a cost of Rs.43.81 lakhs for Scheduled Caste students. All the hostels for Scheduled Castes will be

equipped with a set of library books. This scheme at a cost of Rs. 12.33 lakhs will be implemented immediately.

147. Non Governmental Organisations have come forward to take up schemes to benefit Scheduled Caste farmers who have been assigned lands declared surplus under the Land Ceiling Act. We have enabled such farmers to obtain loan and grant assistance to take up land improvement works.

## WELFARE OF BACKWARD CLASSES

148. The main thrust in the programme for the welfare of Backward Classes is on extending adequate educational opportunities. A detailed survey of facilities in all the 746 Backward Classes hostels has been undertaken. A programme of improvements to these hostels will be taken up shortly. Mini libraries will be created in all the 746 hostels at a total cost of Rs. 15 lakhs so that the students will develop the reading habbit and will have access to quality books. **In the coming year 13 new hostels for girls at a cost of Rs.23 lakhs will be opened.**

149. The Special Training Institute to coach students for IAS/IPS and other Central services requires improvements in its functioning. **We have decided to completely upgrade this Institute and organise it in a new campus. It is proposed to take up this project in the coming year at a cost of Rs.35 lakhs.** We have decided to introduce a new scheme to sponsor brilliant students who have done well in the preliminary examination to Special Coaching Centres in the private

sector so that they can be properly trained for the final rounds. The full cost will be met by the Government.

150. A provision of Rs.100 lakhs has been made for the acquisition of house-sites for distribution to houseless poor persons belonging to certain communities. We shall provide free house-sites to all communities in the Most Backward Classes category. A target of providing 5000 house-sites under this programme will be set.

151. **A new programme of economic improvement for the benefit of backward classes will be launched from the coming year.** This programme will be taken up by the Tamil Nadu Backward Classes Economic Development Corporation. Under the Backward Classes Income Improvement Programme (BIIP) 5000 persons will be assisted to improve their economic status.

## SAFETY NET FOR THE POOR

152. I have so far spelt out the plans and programmes of the Government. I have also spelt out the special welfare measures for various sections of society. In an economy in transition, going through a difficult phase, the poor and the under privileged are most vulnerable to the stabilisation process. We have placed the highest priority on safeguarding the position of the poor and the under privileged. We have organised a comprehensive safety net which will ensure that no person in Tamil Nadu suffers from want and depriviation. We shall strengthen and

augment this comprehensive safety net to provide full protection to the poor and the under privileged.

153. **In accordance with the announcement of the Hon'ble Chief Minister we have decided to raise the monthly pension from Rs.50/- to Rs.75/- for all old age pensioners, widows, destitute women and physically handicapped pensioners. The outlay on pensions will be stepped up from Rs.32.50 crores to Rs.52.29 crores. In addition, we have also issued orders to make available pension to 27592 number of persons in the waiting list.**

154. **A total cash support of Rs.200/- is given to pregnant women to compensate for the loss of their wages. This cash support will hereafter be stepped up to Rs.300/-. It will cover 2 lakh women. The extra cost will be Rs. 2 crores.**

155. **A new scheme of expanded medical care for the poor will be started. Under this scheme if any one in a poor family has to undergo life saving surgery, the Government will provide Rs.15,000/- as assistance in the event the surgery has to be done in an approved private hospital.**

## ADMINISTRATIVE REFORMS

156. In accordance with our policy of bringing the administration closer to the people we have bifurcated Thanjavur district, forming a new district Nagapattinam Quaid-e-Milleth district. **We have now proposed to**

**bifurcate South Arcot District. The district with Cuddalore as its headquarters will retain the original name of South Arcot. The new district with Villupuram as its headquarters will be named Villupuram-Vallalar District.**

157. **Work will be initiated on the Patta Pass Book Scheme shortly.** This will be a major step forward in enabling a farmer to know his holdings correctly and precisely. It will also be a measure of reform in ensuring the free flow of credit in rural areas.

158. We have decided to take up immediately a programme to simplify village accounts on a priority basis. The existing system is antiquated and involves a lot of routine work. This simplification will enable the village administration to pay greater attention to the needs of the people.

159. A core group of Secretaries has been constituted to draw up an action plan to overhaul office procedures and systems to make the administration more responsive. This group is also examining improvements to the grievances day procedures. The Committee has undertaken field visits and will finalise its report shortly. We shall introduce reforms based on the report of the Committee.

160. We shall examine the simplication of personnel rules and procedures to facilitate the free movement of personnel from one department to another. Very often surplus staff in one department cannot be utilised

in another department because of these procedures. We shall try to simplify the system enabling free lateral movement.

161. In Tamil Nadu we have decided to give special emphasis to decentralised planning at the district level. As the Government's functions have grown over the years and as the size of the Budget has gone up considerably, we have to examine improvements to the system. Earlier it was considered that the unit of planning could be at the block level. We have reviewed this and have decided that it is better that a district plan is drawn up. The District Development Council will be entrusted with the responsibility of preparing the district plan. It will be assisted by technical experts. Micro level plans at the block level and at the Panchayat level will be integrated with the district plan.

## EMPLOYMENT

162. The unsatisfactory growth in the country's economy in the current year following the severe economic crisis has raised apprehensions about the employment situation. The march of technology and integration of the Indian economy with the global economy have also raised doubts about the effects on employment. It is a difficult situation. In the process of adjustment there could be some difficulties which we have to surmount. It is also necessary that an alternative employment strategy is drawn up.

163. The Union Finance Minister has mentioned the formation of a consortium to promote the

growth of Agri - Business. Tamil Nadu should be included in this programme. The strategy should be to promote a large number of enterprises in Agri - Business so that employment in rural areas is maximised. We shall launch this programme, taking the help of experts.

164. In the current year we have initiated several new programmes to provide widespread employment. The Rural Industries Sub Plan (RISP) has been launched to generate self employment for one lakh persons. The Chief Minister has recently launched the Integrated Women's Development (IWDP) Programme to provide self employment opportunities for one lakh women. The special programme for employment to Scheduled Castes will cover 65,000 persons. These programmes will be continued in the coming year to provide employment. It is part of our strategy to tackle the economic stabilisation process.

165. In rural areas, particularly to benefit the landless agricultural labour, several programmes of rural works are being implemented. The Jawahar Velai Vaippu Thittam (JVVT) is a major programme. We are also implementing the Special Self Sufficiency Scheme. We are concerned that the allocation for the Jawahar Velai Vaippu Thittam has been reduced in 1992-93. The Union Finance Minister has promised that supplementary funds will be made available from the National Renewal Fund. I hope the Centre will safeguard against any reduction in the outlay on these rural development programmes as these provide minimum income to a vast majority of rural poor.

166. As part of our strategy to counter the adverse effects of price increase, **the Chief Minister has already announced that a new Programme for Assured Employment (PAE) will be launched. This programme which is to be modelled on the lines of the employment guarantee scheme in Maharashtra will in the first phase be implemented in Dharmapuri, Ramanathapuram, Pasumpon Muthuramalinga Thevar and Pudukottai districts.** The District Collector will be required to prepare a detailed plan incorporating all the works to be taken up in the district under different plan programmes. These works will be so scheduled with reference to the agricultural season that employment is made available throughout the year. Under this programme assured employment will be given to at least one member of each family of rural landless agricultural labour. They will be required to register in the nearest Panchayat Union. After registration and commencement of the scheme regular work will be provided with a daily wage of Rs.14. In case it is not possible to provide work in the specific location within a period of 7 days after commencement of the scheme, a minimum dole of Rs.2 per day will be allowed. **We have made an initial special provision of Rs.10 crores for this programme in the coming year.** We shall also urge the Centre to support this programme from the National Renewal Fund. I have no doubt that this support will be forthcoming.

## BENEFITS TO GOVERNMENT EMPLOYEES

167. We have entrusted to an Official Committee the task of going into all the representations on anomalies following the implementation of the recommendations of the Fifth Pay Commission. The Chief Minister has also had detailed discussions with the representatives of the various associations of employees. The report of the Committee has just been submitted. The Government will take early decisions on the recommendations of the Committee.

168. There are totally 2.72 lakh part-time employees including 2.15 lakh part-time employees engaged in the Puratchi Thalaivar M.G.R.Nutritious Noon Meal Programme. As I have already mentioned these part-time employees are not entitled to dearness allowance increases. I have already announced an adhoc increase of honorarium in the case of part-time employees engaged in the Puratchi Thalaivar M.G.R. Nutritious Noon Meal Programme. The Government will extend an adhoc increase of honorarium of Rs.20/- p.m. to all other part-time employees drawing honorarium of more than Rs.150/- p.m. and Rs.10/- p.m. to such employees drawing less than Rs.150/- p.m. The additional cost will be Rs. 1.35 crores per annum. This will also apply to such part-time employees of local bodies. This will benefit 57,000 such part-time workers. The increased honorarium will take effect from 1-4-92.

169. We have decided to introduce some changes in the General Provident Fund Scheme applicable to Government employees. The minimum contribution applicable at different salary levels was last fixed in 1976. With the changes in pay scales and emoluments these have to be modified. Considering the increase in emoluments the minimum monthly savings to be credited to Provident Fund has to be revised. This is also in consonance with the latest amendments to the Income Tax Act. Employees groups have welcomed the suggestion. We shall also make it easier for temporary withdrawals to be made without any hardship.

170. There is considerable demand for house building advance provided to Government employees. We have stepped up the provision for house building advance to Rs.25 crores from the current level of Rs.18.89 crores. We have also now made it possible for Government employees to avail loans from recognised financial institutions. These institutions had insisted that the repayment of the loan should be through salary deduction. The Government has approved this procedure making it possible for Government employees to avail housing loan from the recognised financial institutions.

171. We have made a provision of Rs.25 lakhs for making advances to certain categories of Government employees to purchase and own computers. This will enable them to bring in better skills to their jobs.

172. Under the Leave Travel Concession scheme available to Government employees, Government covers only the travel cost. Government employees find it difficult to get decent accommodation while on such tours. A package tour will hereafter be made available by the Tamil Nadu Tourism Development Corporation to the Government employees. This package tour will include transportation and accommodation.

## CREDIT PLAN

173. In my last Budget speech I had indicated the importance of the free flow of credit to the priority sector. A credit plan for Rs.2154.84 crores covering Agriculture and Allied Activities, Industry and Services has been launched in the current year. This was to ensure that there is uninterrupted flow of credit under various schemes to benefit the poor.

174. We are greatly concerned by the recommendations of the Committee on the financial system which has suggested that only 10% of the aggregate credit need go to the priority sector as re-defined. This is as against the present level of 40%. This situation has come about because of the indiscriminate write off of loans in the past. The banking system has to be encouraged to provide funds to the priority sectors. We would request the Centre to evolve a national consensus on this issue. Most State Governments are providing funds to assist the poor to be able to access

credit for their economic improvement programmes. Any abrupt change will lead to considerable disquiet.

175. I also want to highlight the difficult situation imposed on this Government by the write off of loans in the past. A total amount of Rs.289 crores of cooperative loans was written off. Against this only Rs.218.29 crores has been received from the Government of India. The balance is still due. We are required to repay 50% of the amount received in 3 annual instalments. The first instalment was paid in March 1991. The second instalment of Rs.49.06 crores is due in March 1992. The Chief Minister has requested the Union Finance Minister to postpone the repayment of this instalment. In view of the extremely difficult financial situation faced by the State we hope an early decision will be taken on this request.

176. Repeated write off of loans on an unplanned basis has resulted in a threat to the entire credit system. We should therefore move towards a proper arrangement which will provide the means to secure farmers against repeated crop losses. The Government of India is yet to take a decision on the constitution of the National Credit Relief Fund (NACREF) which will provide a durable arrangement to extend relief to farmers. On our part we are willing to participate in the scheme. At least in good years, such as the current year, when we have had abundant rainfall and good harvests, farmers should come forward to repay their loans and there by prevent any break down of the credit system.

177. The existing Crop Insurance Scheme implemented by the General Insurance Corporations would need to be modified to provide quick and proper relief to the affected farmers. Procedures for assessing crop damage would have to be corrected. We will request the Centre to improve the functioning of the Crop Insurance Scheme to ensure benefit to the farmers.

178. We have launched the Rural Industries Sub Plan (RISP) to provide gainful self employment to one lakh persons. Good progress has been achieved under this Sub Plan. We shall continue this programme in the coming year. We shall rely on the potential linked plans prepared by NABARD for each district to identify the specific activities that can be taken up under the Sub Plan. We propose to provide self employment to one lakh more persons in the coming year.

**BUDGET ESTIMATES**

179. This Government assumed office when the financial position was extremely difficult. We were confronted by a total deficit of Rs.1220 crores in financing the plan outlay of Rs.1600 crores, a truly daunting task. Increases in administered prices of rice, petrol, diesel and coal by the Centre have made our task doubly difficult. The Chief Minister Puratchi Thalaivi Dr. J.Jayalalitha has made it clear that the plan outlay for Tamil Nadu for 91-92 would not be cut. Bold action was needed to set right the situation and take Tamil Nadu back on the path of development.

180. The Budget Estimates for 91-92 indicated total revenue receipts at Rs.5347.34 crores and revenue expenditure at Rs.6249.83 crores resulting in a revenue deficit of Rs.902.49 crores. Taking into account the net effect of transactions in other accounts and the opening deficit of Rs.207.94 crores, the overall deficit was expected to be Rs.785.35 crores. I had announced measures to bring down this deficit to Rs.575.35 crores. We had also expressed the hope that in view of the unprecedented situation the Centre would extend a generous package of financial assistance.

181. We have not so far received any special assistance from the Centre to tide over this extremely difficult situation. We have been compelled to act quickly and effectively to set right the position. The Revised Estimates for 91-92 indicate total revenue receipts of Rs.5879.52 crores and revenue expenditure of Rs.6529.57 crores leaving a revenue account deficit of Rs.650.05 crores. Together with the opening deficit and the net effect of transactions in other accounts the closing deficit at the end of 91-92 is now estimated at Rs.401.47 crores.

182. According to the Budget Estimates for 92-93 revenue receipts are estimated at Rs.6446.54 crores and revenue expenditure at Rs.7255.27 crores resulting in a revenue deficit of Rs.808.73 crores. Taking into account the net effect of transaction in other accounts, the overall deficit on account of transactions in 92-93 is estimated to be Rs.217.62 crores. Along with the closing deficit of Rs.401.47

crores according to the Revised Estimates 91-92, the overall total deficit at the end of 92-93 will be Rs.619.09 crores.

183. While we have succeeded in containing the net deficit of all transactions in 92-93, the difficulties we have faced in the current year will continue to pose problems in the coming year. The total deficit of Rs.619.09 crores does not also include an uncovered deficit of about Rs.80 crores in the Tamil Nadu Electricity Board.

184. We have carefully examined the overall position. We need special assistance from the Centre to tide over the extremely difficult situation we are faced with in the current year. The Chief Minister has met the Prime Minister and the Union Finance Minister requesting for a package of financial assistance to tide over this situation. She has once again reiterated this request in a letter to the Union Finance Minister. We are still hopeful that the Centre would provide some assistance before the close of the current financial year.

185. Since 1987-88 Tamil Nadu has had recurring revenue deficits which is also rising rapidly. The situation has been managed by raising loans. This has resulted in a growing interest burden. There are difficulties in raising revenues as States have very few avenues open to them. We have to restrict expenditure and eliminate losses. It is in this background that we have to take measures to reduce the deficit before us.

186. Members of the House are aware of the mounting burden on various subsidies. The Chief Minister has repeatedly emphasised that this Government will not take measures which affect the poor and the underprivileged. At the same time given the extremely difficult financial situation and the mounting debt burden we will have to recover future increases in costs.

187. Members of the House may be aware of the provision of Rs.346 crores for food subsidy in the current year. We have budgeted for Rs.503 crores to be paid as food subsidy in 1992-93. This includes Rs.343 crores for the next year's commitment and Rs.160 crores being the arrears of the current year which could not be paid. In this situation we have to think of a system by which the highly subsidised rice in the public distribution system is made available only to the poor, based on some income criteria.

188. Economy in Government expenditure has to be effected. We intend to initiate measures to save Rs.55 crores in the coming year. A wide ranging set of measures will be introduced. The economy measures will cover the use of motor vehicles and the control of travel expenses. We shall continue the process of Zero base line budgeting to locate and eliminate all unproductive expenditure. With these measures to effect economy in expenditure we shall bring down the deficit to Rs. 564.09 crores.

189. Even as we continue to take up with the Centre early clearance for a package of financial assistance we have to take other measures to at least partially bridge the deficit.

190. It has always been our endeavour to give relief to the poor. Only those who have the capacity to pay will be required to contribute to the State's development. Our taxation policies and resource mobilisation measures will also be geared to promote rapid growth of the economy.

**TAXES**

191. It is usual for the Finance Minister to look to sales taxes to find the resources to bridge the deficit. I have decided to extend certain reliefs. It is our endeavour to bring down prices and at the same time encourage production.

192. Housewives are eagerly expecting help from the Government to combat the price increase. We have decided to extend reliefs on various household products.

* Groceries(excluding those in Schedule I and II) will be taxed at 5 per cent instead of 8 per cent.
* Ghee and other milk products sold without a brand name registered under the Trade and Merchandise Marks Act, 1958 are

presently taxed at 8 per cent. The tax rate will be reduced to 5 per cent.

* Fenugreek and cloves are used in our daily food. We have decided to cut the tax on these from 8 per cent to 5 per cent.
* Tapioca chips will hereafter be taxed at 5 per cent instead of 8 per cent.
* Vermicelli is popularly used in all our households. We have decided to bring down the tax from 8 per cent to 5 per cent.

193. Kumkum powder has already been exempted from sales tax. Other kumkums and kajal are presently taxed at 8 per cent. We have decided to totally exempt all forms of kumkum and kajal from tax. I have no doubt that women will widely welcome this measure.

Imitation jewellery has now become very popular among women. We have decided to reduce the tax on imitation jewellery from 8 per cent to 5 per cent. I am sure this will also be welcomed by women.

194. At present 8 per cent is charged on laminated jute bags. Most other packing materials carry a tax rate of 5 per cent. Keeping this in mind, it is proposed to reduce the rate of tax on laminated jute bags to 5 per cent.

195. The tax on motor cars is 5 per cent. However the tax on taxi cabs is 15 per cent. We have decided to reduce the tax on taxi cabs to 5 per cent. The entry tax on tractors will be reduced from 12 per cent to 7 per cent. The sales tax on rear loaders, dumpers and scrapers will be reduced from 9 per cent to 5 per cent.

196. In the last budget we have rationalised the levy of tax on raw hides and skins and that on dressed hides and skins. Raw hides and skins are often purchased from other States and brought into Tamil Nadu. As an encouragement to the leather industry, we have decided to allow a concessional rate of one per cent on dressed hides and skins.

197. These changes will involve a loss of revenue of approximately Rs 4 crores per annum.

198. Sales tax at 25 per cent is charged at every stage except at the last stage in the sales transactions of Indian Made Foreign Spirit. The tax rate will be enhanced to thirty per cent.

199. Under Section 3(3) of the Tamil Nadu General Sales Tax Act 1959, concessional rate of 3 per cent is available for raw material against declaration in Form XVII. Molasses normally bears a tax of 25 per cent. The concessional rate is likely to be misused by those who attempt to manufacture illicit liquor. It is therefore proposed to withdraw the exemption available to molasses under

Section 3(3) of the Act. It will bear the normal rate of 25 per cent.

200. It is also proposed to clarify clearly the position releating to wheat and wheat products. Wheat alone has been exempted and will continue to be exempted. Wheat products like wheat flour, sooji, maida, atta, etc., will continue to be subject to tax at 4 per cent.

201. At present, sales tax at 5 per cent is levied on the sale of food and drinks by hotels, restaurants, etc., whose annual turnover exceeds Rs.18.25 lakhs. This exemption limit is very high. Both in Karnataka and Andhra Pradesh the exemption limit is Rs.2 lakhs per annum. It is therefore proposed to reduce the exemption limit from Rs.18.25 lakhs to Rs.3 lakhs per annum.

202. In cases where the levy of sales tax has been questioned in courts, and where the tax has actually been collected, it is but proper that the tax is remitted to the Government. We propose to introduce a new section to provide for the deposit of the tax so realised with the Government.

203. The TNGST Act will be amended to provide for powers to the Commissioner of Commercial Taxes to call for and examine any order passed by any authority lower in rank to the Commissioner. This is necessary to prevent misuse of power by subordinate officers.

204. A Sales Tax Reforms Committee has just been constituted. The terms of reference of this committee are wide ranging including a complete reexamination of the structure and levy of sales taxes. Additional sales tax is a levy on taxable turnover which cannot be passed on to the consumers. There has been a persistent demand to allow this tax to be passed on to the consumers. We shall also refer this issue to the Sales Taxes Reforms Committee.

205. In the last budget we had completely exempted motor cycles of capacity of 50 cc and below from motor vehicle tax. The Centre has modified the excise duty based on a classification of capacity of motor cycles. Taking note of this change, we propose to further rationalise the slabs in the State based on capacity as below:

| Motor cyles with capacity (in cc) | Present tax per annum Rs. | Proposed tax per annum Rs. |
|---|---|---|
| above 50 upto 75 | 150 | 125 |
| above 75 upto 170 | 150 | 180 |
| above 170 upto 300 | 200 | 210 |
| above 300 | 300 | 210 |

The life time tax on motor cycles, both new as well as old, will also be accordingly revised.

206. It is proposed to make a small further modification in the tax on motor vehicles. The annual tax payable by owners of motor vehicles with weight less than 700 Kg is Rs.300. This will hereafter be revised to Rs.400. Correspondingly the tax for this category of motor vehicles owned by companies will be revised to Rs.800 from Rs.600 and that for imported vehicles will be revised from Rs.900 to Rs.1200.

207. A surcharge on motor vehicle tax in respect of stage carriages is levied at flat rates on mofussil and express buses . We have decided to levy the surcharge at an uniform rate of 25 per cent on the basic tax in respect of all categories except metropolitan buses.

208. These changes in the motor vehicles tax will come into effect from 1-4-1992.

209. We propose to revise the rate of Stamp duty on some categories of documents. The rate of Stamp duty is 3 per cent on certain leases, mortgage without possession, partition, release deeds, settlement within the members of the family, etc. This rate will be increased to 4 per cent. In respect of certain other documents, the Stamp duty is on a fixed rate basis. We shall revise these rates suitably. In respect of certain other transactions like acknowledgement of debt, promissory note, bill of exchange, transfer of shares, receipt, bill of lading, etc., the power of revision is with the Government of India. We

will urge the Centre to make suitable revision to these rates to provide some additional resources to the States.

209. The finances of local bodies need immediate attention. The situation has become so bad that even ordinary maintenance of street lights, water supply and conservancy cannot be carried out. A thorough reform of their financial position is needed. The local cess at 45 paise per rupee of land revenue has remained at this level since 1958. The local cess surcharge has remained at the level of Rs.2.50 per rupee of land revenue since 1972. It is no surprise that the local bodies have become financially weak. We have to take urgent action to set right this position.

210. The local cess at 45 paise per rupee of land revenue will be raised to Re.1. The sharing pattern of local cess will also be modified enabling 75 per cent of the local cess to be paid to village and town panchayats as against about 55 per cent at present. This will provide adequate funds for the village and town panchayats to take up essential maintenance of services to the people.

211. The local cess surcharge will be enhanced from Rs.2.50 per rupee of land revenue to a minimum rate of Rs.5 and a maximum rate of Rs.10. The Panchayat Union will be free to decide the exact rate between these limits.

212. These changes will come into effect from 1-7-1992.

213. We shall also bring in necessary legislation in the current session to provide for the levy of tax on professions, trades and callings as announced in the last budget. Exemption will be granted for all salaried persons including Government employees drawing emoluments below Rs.1500 per month. The rate of tax for lower income groups will be kept appropriately low. The tax payable by salaried persons will be as below:-

| Sl.No | Emoluments per month | Rate of tax per half year | |
|---|---|---|---|
| | | Min. Rs. | Max. Rs. |
| 1. | Rs 1,500 or more but less than Rs 2,000 | 30 | 48 |
| 2. | Rs 2,000 or more but less than Rs 2,500 | 48 | 72 |
| 3. | Rs 2,500 or more but less than Rs 3,000 | 72 | 120 |
| 4. | Rs 3,000 or more but less than Rs 5,000 | 120 | 240 |
| 5. | Rs 5,000 or more but less than Rs 7,500 | 300 | 450 |
| 6. | Rs 7,500 or more but less than Rs 10,000 | 450 | 600 |
| 7. | Rs 10,000 or more but less than Rs 15,000 | 600 | 900 |
| 8. | Rs 15,000 and above | 900 | 990 |

For others, appropriate minimum and maximum rates will be spelt out in the legislation. The entire proceeds of the tax will be available to the local bodies. The tax on the revised basis will come into effect from 1st April, 1992.

214. In Madras, Madurai and Coimbatore Corporations levy of property tax has stagnated. Different

systems of taxation have been introduced in different cities in the country. We have to examine these different patterns and evolve a proper system to be implemented in the State. It is proposed to undertake such a study to facilitate early decisions on a proper system of levy of property tax.

## CONCLUSION

215. I had pointed out earlier that the closing deficit for the year 1992-93 would be Rs.619.09 crores which would be reduced to Rs.564.09 crores based on the package of measures to ensure economy in expenditure. The proposals that I have just outlined may result in a net additional yield of Rs.70 crores. The resultant final deficit at the end of 1992-93 would be Rs.494.09 crores. We also hope to obtain some extra resources as the State's share of additional measures undertaken by the Centre recently.While this reflects an improvement, we will still have to consolidate the fiscal situation in the coming year. We will also have to tackle the problem of recurring high revenue deficits.

216. The recurring revenue deficit over the last few years and the carry over deficit together continue to pose problems. We hope the Centre will consider our request for a package of assistance to tide over the carry over deficit. We shall then be in a position to further set right the financial position of the Government.

217. I would also like to reiterate our request to the Centre to consider our plea for special assistance for the Plan. We have repeatedly stressed the problem caused by

taking Tamil Nadu's per capita income to be above the national average. There are genuine difficulties in interpreting the data. We would like the Union Planning Commission to reconsider this issue and either allow Tamil Nadu a share in the pool of 20 per cent for States having per capita income below the national average or give Tamil Nadu a special allocation in the 7.5 per cent component meant for special problems. I wish to point out that in a similar situation in the Seventh Plan period such a special allocation was given to Tamil Nadu.

218. The Union Planning Commission has allotted Rs.15 crores to Tamil Nadu in 1991-92 towards sea border area development. No indication has been given regarding the allocation for 1992-93. We would like to reiterate that in our coastal border areas we have to take up special works considering the strategic importance. The problems in handling foreign militants and extremists in these coastal border areas need to be recognised. We hope the Union Planning Commission will make a special allocation for this purpose in 1992-93.

219. I would also like to briefly touch upon the inequity involved in the Ninth Finance Commission's recommendations relating to plan revenue grants. I consider that Tamil Nadu's high recurring revenue deficit could have been lower if only a reasonable view had been taken by the Ninth Finance Commission. In allowing just Rs.43 crores as plan revenue grant for Tamil Nadu for the five year period 1990-95 a great injustice has been done.

If the entitlement of plan revenue grant is computed afresh taking the actual situation in 1992-93 we would be getting a much larger share. This problem needs to be reviewed by the Union Planning Commission without taking the recommendations of the Ninth Finance Commission as settled. The operation of the plan revenue grant scheme in our view is far from satisfactory.

220. We are hopeful that our pleas for additional financial assistance will merit serious consideration at least now when the Centre's position has improved. Our immediate request is that a package of financial assistance is extended in the current year so that the deficit at the end of the current year can be bridged. We are hopeful that such a package of financial assistance will be forthcoming.

221. I have now come to the end of my speech. The people of Tamil Nadu gave a massive mandate to the AIADMK headed by our leader the Hon'ble Chief Minister Dr. J. Jayalalitha, fully confident that she and our party alone could handle the severe challenges before Tamil Nadu and take it again on the road to prosperity. We have successfully tackled the severe challenges before the Government. Law and order has been restored. The threat of foreign militants and extremists attempting to disrupt the peace and tranquillity in our State has considerably receded. We have also successfully come through the dark tunnel of an unprecedented financial crisis. There were many who doubted the capacity of the

Government to weather this storm. We have taken bold and resolute action to tackle the fiscal crisis and we can now confidently concentrate on the development process. We shall pledge ourselves to the task of bringing prosperity to Tamil Nadu. This Government under the leadership of the Hon'ble Chief Minister Puratchi Thalaivi Dr. J. Jayalalitha belongs to the people. The poor and the under privileged have always stood by us in the hope that their lives will be brightened. Our leader the Hon'ble Chief Minister Puratchi Thalaivi Dr. J. Jayalalitha has at all times steadfastly put forth the cause of the poor and the under privileged at all forums. This Government under her able direction has ensured that whatever be the adverse situation the poor and the under privileged are always protected. This budget represents a further step toward consolidation and growth. Having conquered the severest adverse situation we shall now march ahead under the able and dynamic leadership of our Hon'ble Chief Minister Puratchi Thalaivi Dr. J. Jayalalitha.

222. I am sure Members would have noticed a difference this time in their copy of the budget speech. Members would find that there is also a change in the presentation of the budget documents. I am glad to inform the House that for the first time we have fully computerised the preparation and printing of the budget.

223. I have great pleasure in conveying my heartfelt thanks to the Finance Secretary Thiru N.Narayanan and the officers and staff of the Finance

Department as well as other departments who have given me all help and cooperation in preparing these Budget proposals in a perfect manner.

224. I earnestly request the House to kindly approve the Annual Financial Statement for the year 1992-93.

**VANAKKAM.**

**V..R.NEDUNCHEZHIYAN**
Minister for Finance

Madras,
6th March 1992.
Maasi 23,
Thiruvalluvar Era 2023.